



REPORT ON THE MONTANA TOURISM INDUSTRY

JANUARY, 2003

TRAVEL MONTANA, DEPARTMENT OF COMMERCE



Message from the Director

Montana's tourism industry continues to be one of the leading sectors of our economy. Hard work, resilience, and innovation are trademarks of our public-private partnership. Your commitment to our future, skill in reading changing patterns and ability to look and plan ahead will keep tourism strong and healthy.

The tourism partners' expenditures of millions of dollars for a variety of expansion projects have infused significant monies and created jobs in communities across the state. When these efforts are combined with the our Tourism Infrastructure Investment, Community Tourism Assessment, and new Special Events Grants Programs, we send the message that Montana is good for business.

This report highlights tourism's as well as the film office's past successes and future goals. It also illustrates why "stimulating" and "forward thinking" are often used to describe this vital business sector. The

combination of an unbeatable product and a dedicated source of funding have enabled the tourism industry to build a continuing relationship between Montana and our visitors. Similarly, more and more Montanans are becoming aware of tourism's contribution to the overall well-being of our economy and our quality of life.

You are adept at integrating and using the good image of Montana as a preferred tourism/film destination. I am proud to be affiliated with this energetic and dynamic team who consistently delivers for the people of Montana.

Sincerely,



Mark Simonich

Director, Montana Department of Commerce



Message from the Administrator

My first year as the new administrator for the Montana Promotion Division has been an exhilarating and rewarding experience. In my travels across the state I've had the distinct pleasure of meeting a wide spectrum of Montanans. From business owners and farmers in Baker, Montana, to international tour operators experiencing Whitefish; and from Lewis and Clark enthusiasts in Glasgow to museum curators in Butte. The one common thread that unites all of these individuals is the strength of tourism in Montana. It's the diversity and enthusiasm of the tourism industry that makes it Montana's leading industry. It is my privilege to serve you, and I thank you for your encouragement and support.

We have also faced some challenges in the past twelve months. Nationally, the tourism industry was critically injured due to terrorism and economic downturns. Statewide, we faced a looming deficit. However, we have gained an awareness and respect of the importance of tourism to foster and maintain a healthy economy.

It's an exciting time for tourism and recreation in Montana. We recently completed our statewide Tourism and Recreation five-year strategic plan. Over the years, the tourism industry has evolved and

matured. This is evident from the fact that over 90 stakeholders, some not traditionally considered in the tourism industry, participated in the development of this plan. An overriding goal within the plan is to maintain and strengthen statewide tourism promotional efforts as well as develop new partnerships to implement and accomplish its goals and objectives. My hope is that we will be successful in forming these alliances, as there is strength in numbers and the goals identified will become reality.

This annual report is a tool to help you understand our role and objectives in promoting tourism and film production throughout Montana. I hope it also gives you insight into how closely we work with and rely on a coordinated effort with private business, non profit organizations, and other state agencies to strengthen the economy of our magnificent state of Montana!

I welcome your involvement and input.

Sincerely,

A handwritten signature in cursive script that reads "Betsy Baumgart".

Betsy Baumgart
Administrator, Montana Promotion Division

THE INVESTMENT: MONTANA'S TOURISM FUNDING

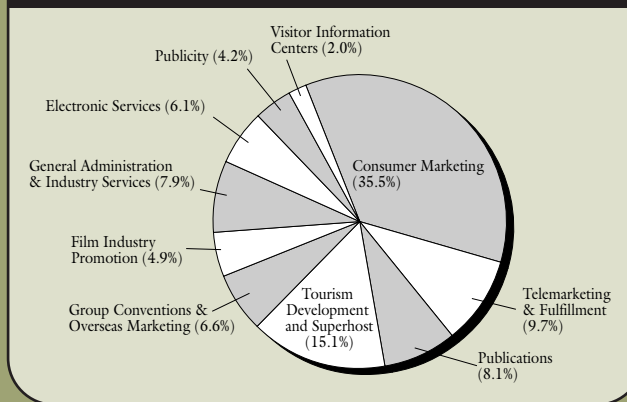
MONTANA'S SUCCESSFUL TOURISM INDUSTRY RELIES ON THE "BED TAX." THIS 4% TAX ON OVERNIGHT LODGING SUPPORTS MONTANA'S PROMOTION AND DEVELOPMENT EFFORTS, AND ALSO CONTRIBUTES FUNDS TO STATE PARKS, HISTORIC SITES AND OTHER IMPORTANT PROGRAMS. IN THE YEAR 2003, THE BED TAX WILL BRING IN ABOUT \$11.6 MILLION, YET IT WILL HELP GENERATE MORE THAN \$1.7 BILLION IN NONRESIDENT SPENDING.

In 1987, Montana's legislature recognized the importance of tourism to Montana's future economy. During that session, the legislature created a 4% Lodging Facility Use Tax, commonly referred to today as the "bed tax." Lodging facilities (such as hotels, motels, bed & breakfast inns, guest ranches, resorts and campgrounds) collect this tax from guests. In turn, these funds are directed to the Montana Historical Society, the university system, the Department of Fish, Wildlife & Parks, Montana's tourism regions and Convention and Visitors Bureaus (CVBs), and the Department of Commerce for travel and film promotion. Importantly, no additional money for tourism funding comes from Montana's general fund. Fifteen years after the legislature created the bed tax, its success is evident. Today, tourism is one of Montana's largest and fastest-growing industries in the state.

In 1988, the year the bed tax was first collected, \$5 million was generated. In 2003, that figure will be over \$11.6 million, representing an increase of more than 100% in just over a decade.

Bed tax collections are Montana's source of funding for all of its tourism marketing efforts; however, the bed tax supports much more than marketing alone. In fact, about 20% of the bed tax currently supports tourism-related infrastructure around the state. This includes items such as historic preservation funds for Virginia City/Nevada City, maintenance of state parks, funding for the Lewis and Clark bicentennial program, and historic signage.

HOW TRAVEL AND FILM PROMOTION FUNDS ARE SPENT



ACCOMMODATIONS TAX REVENUE FY 2003

Projected Lodging Tax Revenue	\$11,643,782
Heritage Preservation Commission (Virginia City)	(\$400,000)
Department of Revenue (Collection costs & reimbursement to general fund of tax paid by state employees)	(\$267,807)
Available for Distribution	\$10,975,975

USE OF FUNDS

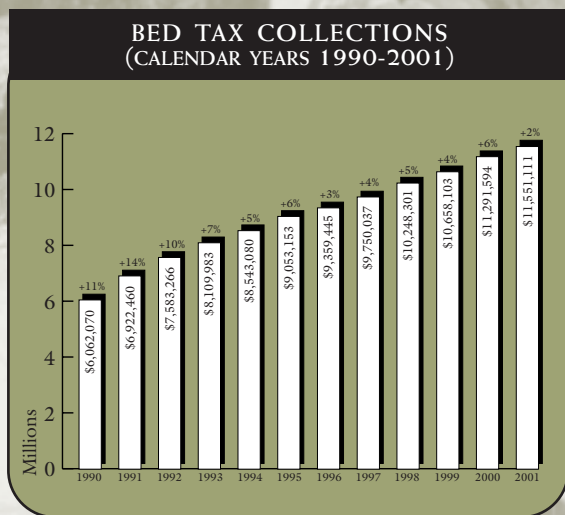
(Determined by Montana Legislature)

State Parks - 6.5% (Operations & Maintenance)	\$713,438
University System - 2.5% (Tourism & Recreation Research)	\$274,399
Historical Society - 1% (Historical Sites & Signage)	\$109,760
Regions/CVBs Marketing - 22.5%	\$2,469,594
Department of Commerce Programs - 67.5% (Travel Montana/Film Office)	\$7,408,783

TRAVEL MONTANA/FILM OFFICE PROJECTED FY 2003 BUDGET

Funds from Accommodations Tax	\$7,408,783
Income from ad sales, co-ops, etc.	\$470,920
Community & Infrastructure Grants	(\$330,000)
L&C Bicentennial Commission	(\$200,000)
Historical Society (L&C Bicentennial)	(\$111,124)
Historical Society (Scriver Collection)	(\$125,553)
Montana Trade Program	(\$200,000)
Support for Capitol tours and Governor's Mansion restoration	(\$75,000)
Total Funds Available	\$6,838,026

THE NETWORK: TOURISM ORGANIZATIONS



THE STATE'S TOURISM INDUSTRY IS FUELED BY MUCH MORE THAN TRAVEL MONTANA'S PROGRAMS. ALL ACROSS THE STATE, PARTNERS CONTINUALLY WORK TOGETHER FOR SUCCESS, INCLUDING THE TOURISM ADVISORY COUNCIL, SIX TOURISM REGIONS AND TEN FUNDED CONVENTION & VISITORS BUREAUS (CVBs)—AS WELL AS LITERALLY HUNDREDS OF TOURISM PROFESSIONALS IN THE PUBLIC AND PRIVATE SECTORS.

The Tourism Advisory Council (TAC), composed of no less than 12 Montanans from the travel industry's private sector, has a number of important duties. First, the Council advises the governor on matters relating to travel and tourism in Montana. Second, it makes recommendations to Travel Montana. Third, it oversees distribution of funds and sets regulations for all of Montana's nonprofit tourism regions and CVBs. Fourth, it determines allowable administrative expenses from bed tax funds for the tourism regions and CVBs. And finally, the TAC oversees the university system's travel research, approving all projects before they begin.

Montana's six tourism regions are private, nonprofit organizations dedicated to marketing themselves to visitors. Each year, they submit marketing plans to the

Tourism Advisory Council for approval. Find out more about any of the tourism regions on the web:

Custer Country • custer.visitmt.com

Glacier Country • glacier.visitmt.com

Gold West Country • goldwest.visitmt.com

Missouri River Country • missouririver.visitmt.com

Russell Country • russell.visitmt.com

Yellowstone Country • yellowstone.visitmt.com

Like Montana's tourism regions, the ten Convention & Visitors Bureaus market themselves to visitors, and must also submit annual marketing plans.

Big Sky • bigskychamber.com

Billings • billingscvb.visitmt.com

Bozeman • bozemancvb.visitmt.com

Butte • butteinfo.org

Great Falls • greatfallscvb.visitmt.com

Helena • helenacvb.visitmt.com

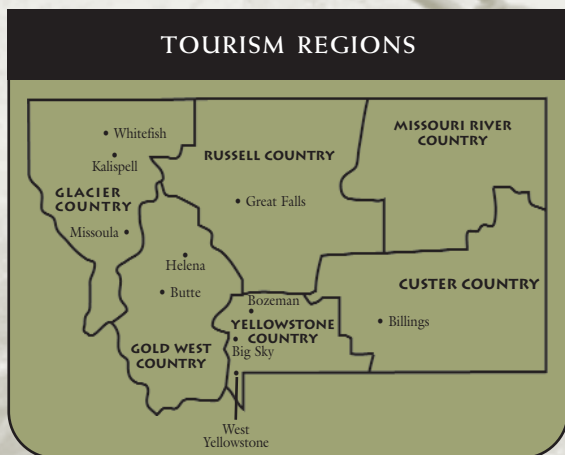
Flathead Valley • fcvb.org

Missoula • exploremissoula.com

West Yellowstone • westyellowstonecvb.visitmt.com

Whitefish • whitefishchamber.org

To find out more about Montana's tourism organizations, including contact information, go to our intranet site at travelmontana.state.mt.us.



THE MEASUREMENT: RESEARCH RESULTS

SO HAS MONTANA'S INVESTMENT IN TOURISM PROMOTION MADE A DIFFERENCE? IF NUMBERS ARE ANY INDICATION, THE TOURISM INDUSTRY HAS A HUGE SUCCESS STORY TO TELL. SINCE 1991, MONTANA'S NONRESIDENT VISITATION HAS INCREASED A HEALTHY 27%; LAST YEAR IT ATTRACTED \$1.75 BILLION FROM OUTSIDE OUR STATE.

To track the growth of Montana's tourism industry and to help the state make informed marketing decisions, research is an invaluable tool. And each year, research continues to illustrate the value of tourism to the state's economy.

An economic review of the state travel industry, conducted by the Institute for Tourism and Recreation Research (ITRR) at the University of Montana, illustrated the impact of tourism on the state's economy in a number of statistical categories. In the year 2001, the study found that the \$1.75 billion spent by nonresident visitors supported 32,200 jobs and resulted in more than \$562 million in personal income.

And let's be clear: tourism's economic impact stretches far beyond "tourism" businesses. In fact, nonresident travelers spend more on retail sales, gasoline and oil, and bars and restaurants than they do on

lodging. Montana's tourists go a long way toward keeping malls, grocery stores, service stations, restaurants, lounges, and entertainment facilities profitable. So tourism not only brings in new money from outside the state, it also circulates that money throughout Montana's economy.

It's also interesting to note why people come to Montana. Of the 9.55 million out-of-state travelers who visited in 2001, 11% were here primarily for business reasons, 49% came for vacation, 22% visited family and friends, 9% were traveling through Montana en route to another destination, and 9% came for shopping, conventions, and other.

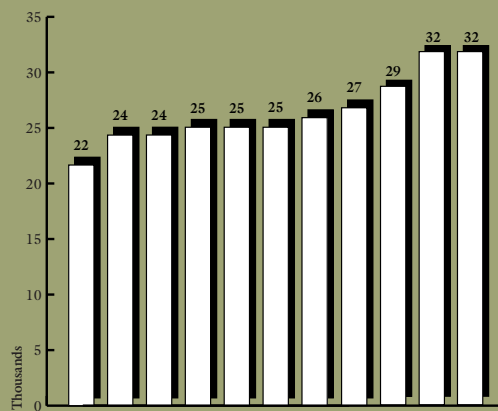
What do people do when they're visiting Montana? The six top activities include wildlife watching, visiting family/friends, nature photography, shopping, hiking and visiting historic/interpretive sites. The top destinations include Glacier and Yellowstone National Parks, Little Bighorn Battlefield, Fort Peck Lake, Bighorn Canyon National Recreation Area, and the National Bison Range.

It's our goal to attract high-quality visitors who spend more time—and money—on their vacation experience while they're here. That's not only good for the state's tourism industry, it's good for the state in general.

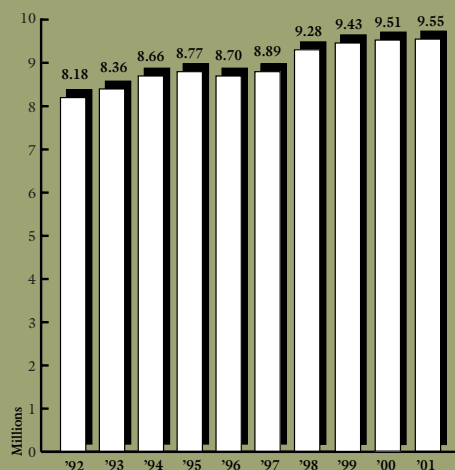




TRAVEL DEPENDENT JOBS
(UP 45% FROM 1991)



NONRESIDENT VISITORS
(UP 16% FROM 1992)



THE INSTITUTE FOR TOURISM AND RECREATION RESEARCH (ITRR) RECEIVES BED TAX FUNDING TO CONDUCT TOURISM RESEARCH FOR THE STATE OF MONTANA. IN PART, THIS RESEARCH HELPS THE MONTANA TOURISM INDUSTRY MAKE BETTER INFORMED MARKETING DECISIONS.

Each year, Montana's tourism and recreation industry relies on timely, accurate research information to help plan its marketing programs. To provide some of this data, the Tourism Advisory Council (TAC), along with ITRR, solicits research ideas from the industry, policy makers, and land managers around the state. These ideas are prioritized and approved by the TAC. In addition, Travel Montana's programs occasionally contract outside research projects to determine specific marketing needs or results. Following is an overview of research projects for Fiscal Year 2002.

Community Tourism Assessment and Quality of Life Monitoring

This is a continuing research project to examine tourism's influence on the quality of life for residents in the state. This year, the project will examine the Tobacco Valley, Sanders County, and St. Ignatius to measure their potential and desire for tourism development.

Monitoring Economic, Social, and Environmental Issues in Montana

The monitoring completed each year consists of three main components: 1) A yearly phone survey (begun in 1991) about resident attitudes toward tourism. When attitudes change, the tourism industry can address the issues; 2) The quarterly newsletter *Vision* is mailed to the industry and policy makers around the state, identifying recent research results from ITRR or other national tourism research; 3) Weekly summaries of newspaper articles related to tourism and recreation in the state are e-mailed to tourism industry people in Montana.

Montana Travel Region Visitor Study

The study assesses the characteristics of summer visitors, both resident and nonresident, who stop at attractions in each of the six travel regions of the state.

2001 Nonresident Travel Study In-Depth Analysis

This project "mines" the 2001 database and provides a deeper look into specific areas of interest related to the nonresident visitor.

Visitor Decisions and Experiences

The purpose of this project is to explore and further understand the vacation visitor experience and the decision process to visit Montana.

THE LURE: MARKETING THE MONTANA MYSTIQUE

IT'S HARD TO IMAGINE THAT A PRODUCT LIKE MONTANA WOULDN'T SELL ITSELF. BUT IN THE HIGHLY COMPETITIVE WORLD OF TRAVEL, NAME RECOGNITION AND CONSUMER AWARENESS IS KEY TO SELLING A DESTINATION. THAT'S WHERE TRAVEL MONTANA'S CONSUMER MARKETING PROGRAM COMES IN.

The program is dedicated to building Montana's image as a vacation destination and targeting markets with a propensity to travel to the state. And while the marketing mix strives to provide specific messages aimed at varied interests, a principal goal is to encourage visitors to stay longer and increase overall expenditures.

Research has confirmed that over three-quarters of our nonresident visitors have been to Montana before; therefore our message reinforces the Montana mystique to entice repeat visitation. While Montana continues to market itself to core markets such as active mature travelers and outdoor enthusiasts, the state continues to diversify its advertising message as well. For example, we have targeted the western history and culture market by promoting Montana's place in the Lewis & Clark Bicentennial.

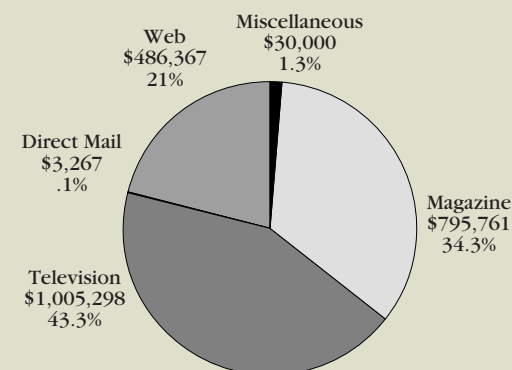
Travel Montana's 2003 magazine efforts will incorporate new creative in both the warm season and winter campaigns. Along with new print advertisements, new television commercials have also been developed. Both of these marketing tools promote Montana's unique and inviting qualities.

Cooperative marketing with neighboring states and private business entities is another method that Travel Montana utilizes to stretch marketing dollars and increase reach. These partnerships include a new four-state Lewis & Clark cooperative with the states of Idaho, Oregon, and Washington and an enhanced state cooperative with Wyoming and South Dakota promoting our national parks.

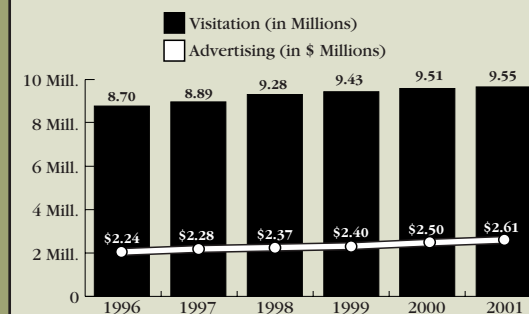
In addition, Travel Montana is expanding its successful database marketing efforts. This is achieved through the distribution of a number of direct mail and e-mail messages to interested consumers that highlight current activities and new web offerings for the season.

Throughout the year, the consumer marketing program will re-evaluate the media vehicles it now uses to promote the state while looking at new and innovative advertising campaigns to attract our visitors.

MEDIA DOLLARS SPENT
(FY 2002)

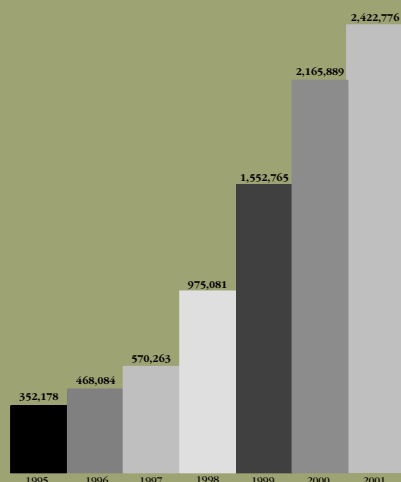


MARKETING BUDGET & VISITATION
(1996 TO 2001)

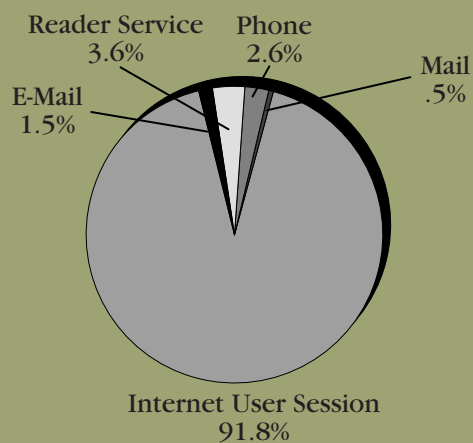




**TOTAL INQUIRIES
(1995 TO 2001)**



**FY 2001 INQUIRIES BY METHOD
(ROUNDED TO .1 PERCENT)**



ADVERTISING IS THE INITIAL LURE; IT ENTICES POTENTIAL VISITORS, CONVINCING THEM TO CALL, WRITE, OR GO ONLINE TO FIND OUT MORE ABOUT MONTANA. IT'S UP TO TRAVEL MONTANA'S PUBLICATIONS AND FULFILLMENT MATERIALS TO HELP TURN THAT INTEREST INTO AN ACTUAL VISIT.

All the advertising in the world means nothing without followup. And some of Travel Montana's most important followup mechanisms are the publications it produces. These publications are the materials people receive when they request information from the state; as such, they must contain accurate facts and they must be easy to use, of course. But more than that, the publications must act as "sales tools" for the state, helping to convince people that Montana should be their next vacation destination.

In a state as diverse as Montana, the list of publications should be diverse, as well. Currently, Travel Montana produces a Winter Guide, a Vacation Guide, a Travel Planner, and calendars of events each year. In addition, the publications program oversees production of numerous specialty guides directed at specific interest areas, including a guide explaining Montana's Indian reservations, a guide tracing Lewis and Clark's journey through the state, and a poster/brochure designed especially for kids.

Travel Montana's publications department works closely with other state and federal agencies (such as the Montana Department of Fish, Wildlife & Parks, the Bureau of Land Management, and the U.S.D.A. Forest Service) to create and update content for all of its guides and materials. Chambers of commerce, regional tourism organizations and Convention & Visitors Bureaus also provide valuable input and assistance in the publications process.

Currently, Montana produces and distributes more than 1.5 million pieces of travel literature each year. Approximately 2,300 businesses receive free listings in the publications, and more than 425 businesses take advantage of advertising opportunities. These publications are distributed in direct response to advertising inquiries, as well as to leads generated by trade/travel shows and international offices. Guides are also distributed at key points throughout the state, including Visitor Information Centers, chambers of commerce, airports, and so on.

The publications program is dedicated to providing affordable advertising vehicles for Montana's travel and tourism businesses. To do this, the guides are always adapting and changing to fit the needs of users; currently, major guides are evolving to create more information exchange with the state's web sites.

THE TECHNOLOGY: INSTANT INFORMATION FOR VISITORS

ONLINE GROWTH CONTINUED AT A PHENOMENAL RATE IN THE LAST YEAR. THROUGH AUGUST 2002, TRAVEL MONTANA HAD OVER 2.5 MILLION VISITORS TO OUR SITES. OUR PRIMARY SITE (VISITMT.COM) WAS AVERAGING OVER 6,000 USER SESSIONS A DAY, A 30% INCREASE OVER THE PREVIOUS YEAR.

Montana has been a leading state in web technology. This includes designing and maintaining a dynamic web presence that includes up-to-date information on nearly 10,000 tourism-related sites and events and over 20 dynamic sites. As a result, we continue to trim our printing and fulfillment costs.

In 2001, Travel Montana's web site, visitmt.com, turned web visits into more than 18,000 actual trips to the state, according to a recent Internet conversion research report by Strategic Marketing & Research, Inc. (SMARI) of Indianapolis, Indiana. The research was compiled from April through December 2001. They surveyed more than 701 visitmt.com users and found that for each dollar spent on marketing, \$28 was returned to the state. The report concludes that these visitors spent over \$39 million in Montana. The study also

found that of those surveyed who visited Montana, about 10% stated they were directly influenced by the web site to visit the state. Likewise, nearly half of the 701 surveyed selected Montana as their primary vacation destination.

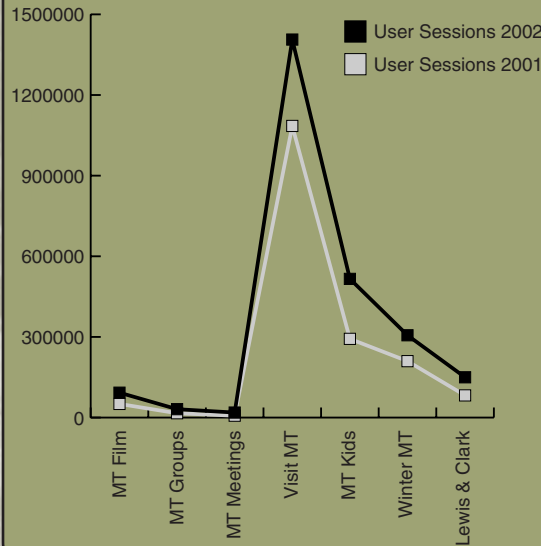
Travel Montana's electronic marketing department received national recognition when Georgia Tech University's Tourism and Regional Assistance Centers (TRACS) presented Travel Montana with a "Best Practices in Tourism" award for its excellence in web marketing. The web program was profiled in the first edition of TRACS' best-practices guidebook printed in the fall of 2002. This guide, geared toward tourism-related agencies, industries, and organizations, will bridge gaps in information and improve methods to expand the worldwide tourism industry. TRACS' primary goal is to provide innovative economic development assistance focused on tourism.

Not willing to rest on our laurels, we are looking for bigger and better things in the coming year, including a complete overhaul of our call center system to better serve our customers as well as our tourism partners.





GROWTH IN USER SESSIONS (2001-2002)



DETAILS OF USER SESSIONS (JANUARY-AUGUST 2002)

Hits	Entire Site	65,271,710
	Average Per Day	290,094
Visitor Sessions	Visitor Sessions	2,520,811
	Average Per Day	11,199
Visitors	Average Session Length	0:09:11
	Unique Visitors	765,007

CERTAINLY, THE INTERNET IS AN IMPORTANT COMPONENT OF MONTANA'S MARKETING EFFORTS. BUT THE INTERNET IS JUST ONE TOOL; THE MORE TRADITIONAL TOOLS SUCH AS TELEPHONE AND MAIL AND VISITOR INFORMATION CENTERS CONTINUE TO BRING IN HUNDREDS OF THOUSANDS OF INQUIRIES EACH YEAR, AND REMAIN VITAL TO SUCCESS.

Over the past several years, Travel Montana and its vendors have built one of the most advanced inquiry and fulfillment systems in the tourism industry. Basic fulfillment methods, in use by most travel entities, simply capture the names and addresses of people who call in, then send a packet of information. Montana's call center, on the other hand, is able to take the process considerably further. When a potential visitor dials the 1-800-VISIT-MT phone number, he or she is connected with a travel counselor in the call center. The travel counselor automatically creates a new database record for the call as it comes in, notes the source of the call (print ad, TV ad, article, etc.) for tracking purposes, and asks the caller about interest areas. As the caller notes particular interests (golfing, skiing, mountain biking) or requests information on a specific area (Glacier National Park, Billings, Fort Peck Lake), the travel counselor is able to pull information from the database instantly and share it with the caller. This can include everything

from general descriptions to detailed driving directions. After capturing pertinent information about the caller, the travel counselor is able to print out a customized letter to the prospect and assemble a packet of information to be sent. Additionally, the call becomes part of the inquiry database, complete with key geographic, demographic, and interest information. That information can then be used for additional database marketing efforts in the future. In the past year alone, the call center added more than 250,000 names to its inquiry database.

Montana's Visitor Information Centers (VICs) offer inquiry fulfillment by yet another method: face-to-face contact. These Visitor Information Centers are staffed by people who can answer questions and offer publications and other materials to visitors. Montana's eight VICs are at key access points across the state, including interstates and main highways. In the past year, the VICs have helped more than 150,000 visitors in Montana. Currently, staffed VICs are located in Broadus, Culbertson, Dillon, Hardin, Shelby, St. Regis, West Yellowstone, and Wibaux.

THE NICHE: INTERNATIONAL, GROUPS AND MEETINGS

NONRESIDENT VISITORS TO MONTANA AREN'T JUST FAMILIES VACATIONING FROM NEIGHBORING STATES. THEY CAN ALSO BE FAMILIES AND GROUPS FROM ACROSS THE WORLD. THANKS TO THE POPULARITY OF THE "OLD WEST" ABROAD, MONTANA IS CONSISTENTLY PULLING VISITORS FROM KEY INTERNATIONAL MARKETS SUCH AS EUROPE AND ASIA. THE "GLOBAL MARKET" YOU KEEP HEARING ABOUT IN NEWS REPORTS ISN'T JUST DEVELOPING; FOR MONTANA TOURISM, IT'S ALREADY HERE.

The overseas marketing department at Travel Montana makes sure Montana is at center stage on the global stage. Aggressive marketing targets the international travel trade, emphasizing the United Kingdom, Germany, France, Belgium, the Netherlands, Italy, Japan, and Taiwan. Travel Montana works with key tour operators, wholesalers, travel agencies, and media to establish new travel itineraries for groups and FITs (Foreign Independent Travelers), while at the same time helping Montana businesses market themselves overseas.

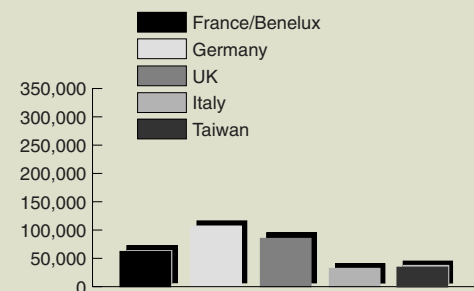
In Western European markets, Travel Montana works closely with Rocky Mountain International (RMI) to reach its key markets, which include the United Kingdom, Germany, France, Italy, Belgium, and the Netherlands. In the Pacific Rim, state of Montana trade office representatives in Kumamoto, Japan and

Taipei, Taiwan market Montana's travel-related products and services to their respective countries.

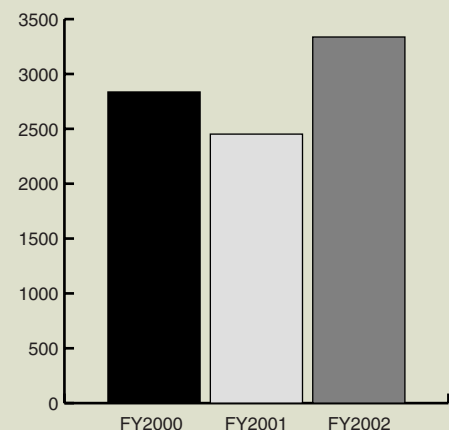
Overseas marketing efforts are showing success on a number of fronts. Travel Montana regularly organizes and hosts familiarization ("fam") tours for international media and trade, with participants from the UK, Germany, the Netherlands, Belgium, France, Taiwan, and Italy. Montana also attends key trade shows to promote the state to overseas tour operators. Currently, trade shows include BIT in Milan, Italy; ITB in Berlin, Germany; World Travel Market in London; the TIA Pow Wow in St. Louis; and the Visit US Expo in Las Vegas. These trade shows result in numerous leads for Montana, which are passed on to over 220 Montana suppliers, CVBs, and travel regions. Another successful event that brings together regional suppliers with European buyers is the Round-Up, which was held in April 2002, in Whitefish. The 2003 Round-Up will take place on April 4-8 in Rapid City, South Dakota.

Goals for the coming year include additional international fam tours, which result in favorable media coverage and increased brochure exposure in overseas markets. The program is also increasing awareness of its international efforts among Montana tourism-related businesses; this year, the office presented a seminar at the Governor's Conference on Tourism and Recreation, and is planning an additional seminar at the next conference.

INTERNATIONAL OVERNIGHTS
(2000-2001)



MONTANAMEETINGS.COM
USER SESSIONS (FY 2000 TO FY 2001)





*Any more culture
and we'd be in the dairy case.*

Montana offers the complete package
of history, western culture, adventure and natural
beauty. Follow the Lewis & Clark Trail, explore
ghost towns and experience the natural beauty
of Glacier and Yellowstone National Parks.

Call 800-548-3390, ext. 2 or log on
to montanagroups.com to find out how to put your
group in Montana.



montanagroups.com

MONTANA CERTAINLY APPEALS TO FAMILIES IN SEARCH OF VACATION ADVENTURE. BUT WHAT ABOUT GROUPS THAT AREN'T FAMILIES—CONVENTIONS OF 500, FOR INSTANCE? MONTANA IS THE PERFECT DESTINATION FOR THEM, TOO. THE STATE SUCCESSFULLY MARKETS ITSELF TO GROUP TOUR OPERATORS, AS WELL AS MEETING AND CONVENTION PLANNERS. WITH AN ABUNDANCE OF FACILITIES, ATTRACTIONS, AND NATURAL BEAUTY, MONTANA IS HOSTING GROUPS OF EVERY SIZE FROM EVERYWHERE.

Montana's group travel program does exactly what the name implies: markets the state's attractions as destinations for group tour operators throughout the United States and Canada. The program suggests activities ranging from sightseeing to river rafting to skiing, and generates travel ideas for all seasons.

To do this, the program conducts fam tours for group tour operators, giving them a chance to see Montana's attractions first-hand. Direct mail offers current tour planning material to a targeted list of operators, helping establish and maintain rapport. Trade events, as well as membership in key industry associations such as the National Tour Association and the American Bus Association, help Montana stay in regular contact with group travel planners.

This year, the group tour program attended two group tour conventions to promote Montana as a destination; at the NTA convention, representatives organized and presented a "Montana Night" dinner attended by 100 tour operators. Tour operators can access the Group Tour Planning Guide online at montanagroups.com for more information on products and activities.

Montana's meeting and convention program works closely with the state's CVBs, the Montana Innkeepers Association, and convention properties to market the state as a destination for meetings and groups of any size.

The program's Internet advertising campaign uses search engines and targeted e-mails to promote the state's meeting/convention facilities and capabilities. The web site, montanameetings.com, offers information from Montana's printed Meeting Planner's Guide. Plus, trade shows such as Affordable Meetings and the Incentive Travel & Meeting Executives bring Montana face-to-face with planners.

In the coming year, Montana will continue to position itself to meeting and convention planners, share leads and prospects with CVBs and properties, attend trade shows, and conduct group fam tours.



THE FUTURE: TOURISM DEVELOPMENT

TOURISM HAS ESTABLISHED ITSELF AS AN ACTIVE PLAYER IN MONTANA'S ECONOMY. FOR THE INDUSTRY TO CONTINUE PROVIDING ECONOMIC AND SOCIAL BENEFITS FOR MONTANANS, WE NEED TO ENSURE THAT OUR TOURISM FACILITIES, SERVICES, AND PRODUCTS OFFER QUALITY EXPERIENCES FOR OUR VISITORS AND ENHANCE MONTANANS' QUALITY OF LIFE. THAT'S THE FOCUS OF MONTANA'S TOURISM DEVELOPMENT AND EDUCATION PROGRAM.

At its most basic, the program is about networking and cooperation. First and foremost, it's dedicated to helping the state's tourism and recreation partners—private sector businesses, communities, organizations, federal and state agencies, tribal governments, and alliances—access and share resources needed to maintain a sustainable tourism economy for the benefit of Montana residents and visitors. The program's efforts include community-based tourism development, statewide tourism infrastructure improvements, visitor information center service support, tourism development assistance for Montana's Indian people, support of grassroots efforts to develop and expand Montana's cultural and heritage tourism products, events and services, customer service training, strategic planning, state and federal agency tourism and recreation program coordination, and tourism education.

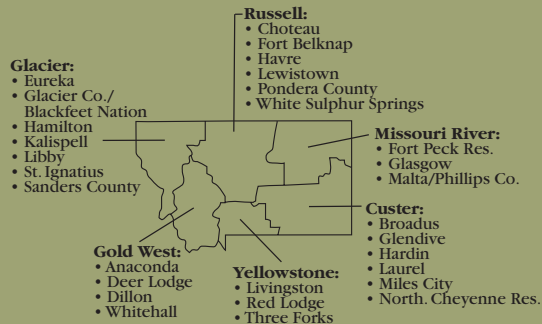
In 2002, the Tourism Development and Education Program coordinated a statewide strategic planning process. The 2003-2007 Strategic Plan for Montana's Tourism and Recreation will be implemented in conjunction with our statewide partners in 2003. The plan's goals are: Enhance awareness & support for tourism, including funding; Increase four-season benefits in all regions, enhance products/services; Implement system to manage & protect assets with sustainable use; Enhance and maintain infrastructure; Provide business support services; Communicate with markets, and track and evaluate results; Build effective teams to realize vision for 2007.

Other new projects for 2003 include: Assist in the development of a Nature Tourism Education Program; Strengthen training and information services for the 8 state-supported, gateway community Visitor Information Centers; Continued support for Montana communities and organizations working on cultural tourism corridor development and tourism development on and around Montana's seven Indian reservations. The state's tourism partners will be brought together for education and networking at the annual Governor's Conference on Tourism and Recreation.

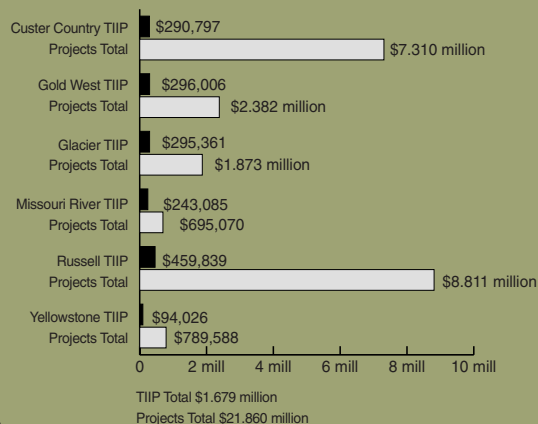




CTAP COMMUNITIES



TIIP GRANT AWARDS STATEWIDE BY REGION (1995-2002)



AN IMPORTANT ASPECT OF THE TOURISM DEVELOPMENT AND EDUCATION PROGRAM INVOLVES MONTANA'S COMMUNITIES. THE PROGRAM PARTNERS WITH MONTANA'S CITIES AND TOWNS TO HELP THEM DEVELOP THE RESOURCES THEY NEED TO BENEFIT FROM TOURISM. THE COMMUNITY TOURISM ASSESSMENT PROGRAM (CTAP), THE TOURISM INFRASTRUCTURE INVESTMENT PROGRAM (TIIP), THE SPECIAL EVENTS GRANT PROGRAM (SEGP), AND SUPERHOST! ARE THE MAIN TOOLS USED IN THIS EFFORT.

The Community Tourism Assessment Program is an eight-month "self help" process offered to three communities each year. In each of the selected communities, the program helps analyze local resident attitudes about (and interest in) tourism, measure tourism potential, identify gaps in visitor services, and suggest projects or actions that can strengthen the role of tourism in the local economy. At the end of the process, communities can use \$10,000 in "bed tax" grants to develop priority infrastructure projects. Since its creation in 1991, CTAP has assisted 29 Montana communities and invested almost \$400,000 in tourism "bed tax" funds into local tourism projects.

The Tourism Infrastructure Investment Program offers a more immediate bed tax investment in community or nonprofit organizations' efforts to

develop or renovate Montana's tourism attractions. From 1995-2002, TIIP grants leveraged over \$1.6 million in tourism "bed tax" funds to make \$22 million in tourism-related facility projects a reality in 26 Montana communities.

The Special Events Grant Program is our newest development tool. In 2002, its first year, SEGP provided \$100,000 to help promote and operate new annual events in 12 Montana communities. The program will offer similar assistance to new annual events in 2003.

SUPERHOST! offers affordable customer service training to front-line employees and managers in businesses and organizations across Montana. In 2003, 150 SUPERHOST! sessions expect to provide tourism education and customer service training to over 3,000 Montanans.

SUPERHOST! is provided through a training contract with Flathead Valley Community College in Kalispell. Financial support for SUPERHOST! is provided by Travel Montana, Custer Country, Glacier Country, Gold West Country, and Russell Country. Subjects covered in the sessions include basic information about the role tourism plays in Montana's economy and its communities, local and statewide tourism information including the Lewis & Clark in Montana story, and customer service skills.

THE PRESS: SPREADING THE WORD

THE OLD AXIOM IS TRUE: THE BEST KIND OF MARKETING IS THE FREE KIND. THANKS TO THE EFFORTS OF TRAVEL MONTANA'S PUBLICITY PROGRAM, THE STATE CURRENTLY GENERATES PUBLICITY AND COVERAGE (IN PRINT, BROADCAST, AND ELECTRONIC MEDIA OUTLETS), THAT'S THE EQUIVALENT OF OVER \$9 MILLION IN ADVERTISING SPACE.

Publicity is one of the most believable and effective types of exposure a travel destination can get. Coverage in key travel and news media can result in stories and programs that generate interest in Montana. Travel Montana's publicity program works with various media outlets to help spread the word about the latest and greatest reasons for visiting.

Through the use of organized publicity campaigns, media familiarization ("fam") trips, publicity assistance, and other services, Montana's tourism industry works with hundreds of media representatives from the United States and Canada. The publicity department is constantly searching for cooperative media promotions to "pool" the resources of the state, its travel regions, and CVBs. One cooperative promotion is our "fam" tours. Each year, the publicity program organizes and assists with these tours in all six tourism regions. In addition, the department financially assists key travel writers and broadcast producers with assigned stories about Montana. This finan-

cial assistance assures that potential stories and programs about the state are produced. The department also offers free video footage to broadcast producers for use in programs that promote Montana. The footage highlights our state's scenery, outdoor activities, and cultural sites. A new video footage reel with updated shots will be produced in 2003.

On the print side, the publicity program produces two publications: *Untold Story Leads*, a quarterly newsletter sent to over 850 travel writers that highlights a tourism attraction/event in each of the six tourism regions, and *Travel Montana Update*, which offers news and information about the state's tourism industry and is distributed to Montana tourism suppliers, legislators, and out-of-state entities.

The publicity program's staff photographer is developing a thorough stock photo library, which can be accessed by the media, regions, CVBs, chambers and state government, all for the primary purpose of promoting tourism. In addition, the photographer works with individual travel writers to produce images for their stories.

The publicity office's goals for the coming year include the production of a photo CD Rom and a focused Lewis & Clark Bicentennial media campaign that includes the creation of an electronic press kit.



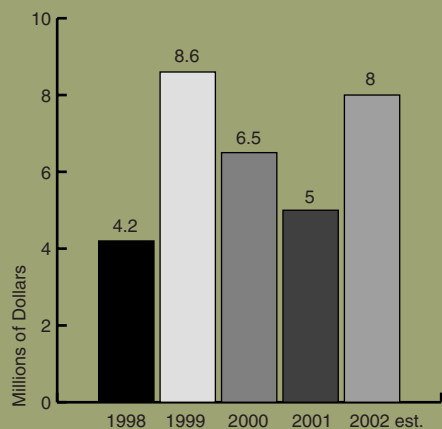
THE MOVIES: THE BIG SKY ON THE BIG SCREEN COUNTRY



PRODUCTIONS SHOT IN MONTANA (2002 ESTIMATE)

Feature Films.....	5
Commercials.....	15
Still Shoots.....	10
Television.....	21
Documentaries.....	4

ESTIMATED DIRECT ECONOMIC IMPACT OF FILM INDUSTRY IN MONTANA



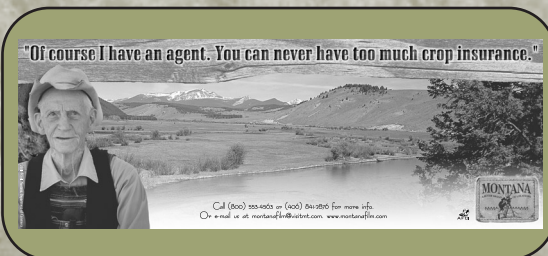
Reflects only expenditures directly related to production costs; excludes personal expenditures by actors and crew members

MONTANA IS A MAGICAL LOCATION FOR ALL THE PEOPLE WHO LIVE HERE AS WELL AS THE MOTION PICTURE INDUSTRY. SINCE THE MONTANA FILM OFFICE OPENED IN 1974, MONTANA HAS BEEN THE LOCATION FOR 72 FEATURE FILMS. PRODUCERS OF BIG STUDIO FEATURES LIKE *THE HORSE WHISPERER*, AS WELL AS CUTTING EDGE INDEPENDENT FILMS LIKE THIS YEAR'S *NORTHFORK*, HAVE WORKED WITH THE FILM OFFICE IN SHOOTING THEIR FILMS IN MONTANA. AT THE SAME TIME, THE STATE HAS HOSTED HUNDREDS OF TELEVISION PRODUCTIONS, NATIONAL TV COMMERCIALS, DOCUMENTARIES, MUSIC VIDEOS, AND STILL PHOTOGRAPHY SHOTS.

The Montana Film Office works tirelessly to make sure professionals in film production know about what Montana has to offer: talented production crews and services, as well as unmatched locations. To do this, the film office takes advantage of a number of tools. First, targeted advertising campaigns appear in trade magazines such as *The Hollywood Reporter*, *American Cinematographer*, *Screen*, *DGA* magazine, *Backstage SHOOT*, *Creativity*, *Shots*, and *AFCI Locations*. To complement these ads, calendars featuring Montana locations are sent to selected producers, directors, studio executives, and location managers. Regular attendance at trade shows and film festivals (such as Sundance Film Festival and AFCI Locations Trade Show) makes sure Montana is visible

within the production community, and keeps film office personnel up-to-date on the latest happenings in the film and television industries. The film office also produces materials that help film professionals find and use the resources available to them in the state. The Montana Production Guide, listing over 250 local crew members and over 600 Montana businesses, is distributed to key decision makers in the production industry. The film office photo files include over 150,000 images from all areas of the state. These photos are used to respond to production companies inquiring about specific Montana locations. The film office web site, www.montanafilm.com, offers full information about filming in the state, and contains hundreds of photos of potential film locations around the state.

The goals for the coming year include a continued effort to increase feature production in the state. The office will also continue to target the commercial production industry and increase efforts to attract Chicago and East Coast production, as well as international production, to Montana. Maintaining the aggressive direct mail campaign is one tool to accomplish these goals. The film office continues to expand use of the Internet as a marketing tool. The number of user sessions has more than doubled since 2000, with an estimated 140,000 unique user sessions in 2002. With the planned addition of an online searchable location database in 2003, this number should continue to grow.



THE WEB: MONTANA'S ONLINE RESOURCES

OVER THE PAST SEVERAL YEARS, AS THE REACH AND IMPORTANCE OF THE INTERNET HAS GROWN, SO HAVE THE OFFERINGS OF MONTANA'S TOURISM INDUSTRY. COLLECTED HERE ARE SOME OF THE WEB SITES MAINTAINED BY TRAVEL MONTANA, MONTANA'S TOURISM REGIONS, AND CVBs, ALONG WITH SITES OF MANY TOURISM PARTNERS. TO FIND MORE IN-DEPTH INFORMATION ON MONTANA'S TOURISM INDUSTRY, START WITH THESE SITES.

WEB SITES MAINTAINED BY TRAVEL MONTANA

- visitmt.com - Travel Montana's main web site with visitor information and vacation planning assistance.
- lewisandclark.state.mt.us - Montana's Lewis and Clark site, devoted to the Corps of Discovery's journey across our state.
- wintermt.com - Montana's winter site, covering the pursuit of fun during our snowy season.
- montanakids.com - Specifically designed for kids, including games and other fun.
- montanameetings.com - The Montana meeting planner's site, offering information about meeting or convention services and locations.
- montanafilm.com - The official site of the Montana Film Office, with location photos and information about filming.
- travelmontana.state.mt.us - Travel Montana's intranet site, offering up-to-date information about the state's tourism industry.
- indiannations.visitmt.com - This site is devoted to Montana's Indian Nations.
- montanagroups.com - The Montana Group Tour Planning Guide, offering information on group tour services.
- bizmt.com - Montana's business recruitment site.

MONTANA TRAVEL REGIONS

- custer.visitmt.com - Custer Country
- glacier.visitmt.com - Glacier Country
- goldwest.visitmt.com - Gold West Country
- missouririver.visitmt.com - Missouri River Country
- russell.visitmt.com - Russell Country
- yellowstone.visitmt.com - Yellowstone Country

MONTANA CVBs

- bigskychamber.com - Big Sky
- billingscvb.visitmt.com - Billings
- bozemancvb.visitmt.com - Bozeman
- butteinfo.org - Butte
- fcvb.org - Flathead Valley
- greatfallscvb.visitmt.com - Great Falls
- helenacvb.visitmt.com - Helena
- exploremissoula.com - Missoula
- westyellowstonecvb.visitmt.com - West Yellowstone
- whitefishchamber.org - Whitefish

OTHER USEFUL SITES

- nps.gov/glac/ - Glacier National Park
- nps.gov/yell/ - Yellowstone National Park
- lewis-clark.org - Discovering Lewis and Clark
- fwp.state.mt.us - Montana Department of Fish, Wildlife & Parks
- www.mt.blm.gov - Bureau of Land Management
- geology.cr.usgs.gov/states/MT.html - Montana geological survey
- discoveringmontana.com - Montana online
- montanalewisandclark.org/ - Montana Lewis & Clark Bicentennial Commission
- www.forestry.umn.edu/itr/ - Institute for Tourism and Recreation Research



BEFORE ARMSTRONG, ALDRIN AND COLLINS, THERE WERE TWO GUYS NAMED LEWIS & CLARK.



A journey into Montana 200 years ago was a journey into the unknown. Uncharted and unspoiled it was an explorer's dream. And it still is. Lewis & Clark spent most of their journey exploring Montana. Was it the beauty or the sheer magnitude? You be the judge. Discover the trail of legends, the trail of Lewis & Clark in Montana. Call 1-800-VISIT-MT (847-4868), ext. 236, or log on to visitmt.com



Discover Lewis & Clark in Montana



especially when it comes to unbelievable terrain, incredible snow, uncrowded slopes and spectacular scenery. Ski Montana... the only thing missing is the wait.

For your free Winter Guide
call 1-800-VISIT-MT (847-4868) ext. 263
or log on to skimt.com



Montana Promotion Division Mission Statement

Our mission is to strengthen Montana's economy through the promotion of the state as a vacation destination and film location.

By maximizing the combined talents and abilities of its staff, and with guidance from the Governor's Tourism Advisory Council, Travel Montana strives to promote a quality experience to visitors while encouraging preservation of Montana's environment and quality of life.